

AM03

Notice of administrator's proposals



Companies House

THURSDAY



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19/07/2018
COMPANIES HOUSE

#325

1 Company details

Company number 09712741
Company name in full City Engineering Systems (Bristol) Limited

→ Filling in this form
Please complete in typescript or in
bold black capitals.

2 Administrator's name

Full forename(s) Susan
Surname Clay

3 Administrator's address

Building name/number The Maltings
Street East Tyndall Street
Post town Cardiff
County/Region
Postcode CF24 5EZ
Country

4 Administrator's name ①

Full forename(s) W Vaughan
Surname Jones

① Other administrator
Use this section to tell us about
another administrator.

5 Administrator's address ②

Building name/number The Maltings
Street East Tyndall Street
Post town Cardiff
County/Region
Postcode CF24 5EZ
Country

② Other administrator
Use this section to tell us about
another administrator.

AM03

Notice of Administrator's Proposals

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Statement of proposals



I attach a copy of the statement of proposals

7

Sign and date

Administrator's
Signature

Signature

x

Shirley

x

Signature date

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AM03 Notice of Administrator's Proposals



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name	Susan Clay
Company name	Jones Giles & Clay Ltd
Address	The Maltings
	East Tyndall Street
Post town	Cardiff
County/Region	
Postcode	C F 2 4 5 E Z
Country	
DX	
Telephone	029 2035 1490



Checklist

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Please make sure you have remembered the following:

- ☐ The company name and number match the information held on the public Register.
- ☐ You have attached the required documents.
- ☐ You have signed and dated the form.



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The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.



Further information

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County Court at Cardiff Court

No. 62 of 2018

**City Engineering Systems (Bristol) Limited
In Administration**

THE JOINT ADMINISTRATORS' PROPOSAL

**Susan Clay and W Vaughan Jones
Joint Administrators**

Jones Giles & Clay Ltd, The Maltings, East Tyndall Street, Cardiff, CF24 5EZ

029 2035 1490

sueclay@jonesgilesclay.co.uk and vaughanjones@jonesgilesclay.co.uk

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1. Executive Summary

- 1.1** This Proposal incorporates the Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act attached at Appendix I.
- 1.2** The Company was established in 31 July 2015 and the principal activity was precision engineering specialising in sheet metal work and fabrication in stainless steel, aluminium and mild steel. The Company traded from leasehold premises at 7 Maggs Lane, Fishponds, Bristol, BS5 7EP and also Alfred Cook House, Canal Parade, Cardiff, CF10 5RD. On 8 June 2018, Susan Clay and W Vaughan Jones of Jones Giles & Clay Ltd were appointed Joint Administrators of the Company by the Directors.
- 1.3** As explained in more detail in the Statement of Proposals, the Joint Administrators are currently pursuing the second statutory objective of achieving a better result for the Company's creditors as a whole than would be likely if the Company were wound up (without first being in Administration).
- 1.4** A summary of the current and anticipated future positions are detailed below.

Assets

Asset	Realisations to date £	Anticipated future realisations £	Total anticipated realisations £
Goodwill	1,000	Nil	1,000
Book Debts (net of factors)	364	347,635	347,999
Plant, Machinery and Motor Vehicles – Bristol	150,000	Nil	150,000
Plant and Machinery and Motor Vehicles – Cardiff	Nil	80,000	80,000
Stock	1,000	Nil	1,000
Work in Progress	23,000	40,321	63,321
Cash at Bank	5,763	Nil	5,763
Cash in Hand	131	Nil	131

Expenses

Expense	Expense incurred to date £	Anticipated further expense £	Total anticipated expense £
Joint Administrators' fees	Nil	50,000	50,000
Solicitors' fees	2	2,000	2,002
Agents' fees and commission	Nil	20,000	20,000
Payroll Services	700	Nil	700
Debt Collection Agency	Nil	17,502	17,502
Bond	Nil	1,097	1,097
Insurance of assets (estimate)	Nil	3,000	3,000

City Engineering Systems (Bristol) Limited (In Administration)
The Joint Administrators' Proposal

Contractor charges	4,028	Nil	4,028
Property costs (to include utilities and site clearance costs)	Nil	10,000	10,000
Advertising costs	78	390	468
Other costs	178	772	950

Dividend prospects

Creditor class	Distribution / dividend paid to date £	Anticipated distribution / dividend £/p in the £
Secured creditor (fixed charge)	Nil	100p in the £
Secured creditor (floating charge)	Nil	14p in the £
Preferential creditors	Nil	100p in the £
Unsecured creditors	Nil	11p in the £

- 1.5** The Statement of Proposals at Appendix I provides explanations of the events leading to the Administration and the progress of the Administration to date, as well as other statutory information.
- 1.6** This Proposal provides more detailed information on the work that the Joint Administrators anticipate they will undertake to complete the Administration together with their proposed basis of fees. To put this request into context, this Proposal provides further information on the Joint Administrators' costs to date, including the costs incurred prior to Administration. It also explains other matters such as the proposed timing of the Joint Administrators' discharge on conclusion of the Administration.
- 1.7** Definitions of the terms used in this Proposal are provided in Appendix I together with all statutory information pertaining to the Company.

2. Statement of Pre-Administration Costs

- 2.1** On 16 May 2018 the company directors engaged the services of Jones Giles & Clay for the purpose of assisting with an Accelerated Merger and Acquisition ("AMA") process. A fixed fee of £3,000 plus VAT was agreed with the directors, together with expenses totalling £3,000 plus VAT in respect of the costs of the appointed Agents. These costs were paid in full by the company before Administration.
- 2.2** On 31 May 2018 the company directors agreed a fixed fee of £3,000 plus VAT plus expenses with the proposed Administrators for the work required to place the company into Administration. This fee was paid in full also by the company before Administration.
- 2.3** The fixed basis of the fees was to provide certainty for the company and was considered a fair and reasonable reflection of the work to be undertaken as outlined below. The exact amount of work required was unclear at the outset and the fixed fees limited the fee sought where there was the possibility that time-costs could exceed the level of the agreed fee. The fixed fees were therefore considered to be fair and reasonable in the circumstances of this case.

2.4 Prior to Administration, the proposed Joint Administrators gathered information on the Company to ensure that they were in a position to consent to act as Joint Administrators and to formulate an initial strategy for pursuing achievement of an Administration objective. In addition, it was considered advantageous to take steps to market the business and assets of the Company and to negotiate with interested parties with a view to agreeing a sale in principle that could be completed shortly after the Joint Administrators' appointment. Agents were engaged to value and market the business and assets by the most beneficial means and Solicitors were engaged, by the company, to draft a sale and purchase agreement and to assist in agreeing its terms with the prospective purchaser. It was felt that this strategy would further the second objective of achieving a better result for creditors as a whole than would be likely if the Company were wound up without entering into Administration first. This work was expected to have a financial benefit for creditors, as the strategy of pursuing the second Administration objective would improve the prospects of recovery and avoid some potential claims e.g. redundancy costs of those employees working out of Bristol.

2.5 All pre administration costs have been paid in full by the Company. Those costs can be summarised as follows:

	Work undertaken	Cost £
Jones Giles & Clay	Assistance with Accelerated Merger and Acquisition process	3,000
Jones Giles & Clay	Pre appointment advice and assistance with placing the company into Administration	3,000
Gordon Brothers	Marketing the business for sale	3,000
Morgan Rostron Solicitors	Dealing with the formalities of placing the company into Administration and also dealing with the sale and purchase agreement relating to the sale of the Bristol business	6,000
Total		12,000

3. The Joint Administrators' Fees

3.1 The Joint Administrators propose to fix their fees at £50,000.

3.2 Attached at Appendix II is a breakdown of the time costs incurred in the Administration to 13 July 2018. The Statement of Proposals provides an account of the work undertaken to date and proposed to be undertaken by the Joint Administrators and their staff.

3.3 The charge-out rates of the Joint Administrators and their staff are detailed in Appendix III. The appropriate staff have been assigned to work on each aspect of the case based upon their seniority and experience, having regard to the complexity of the relevant work, the financial value of the assets being realised and claims being agreed. The grades of staff instructed to assist in this matter and their key responsibilities include:

- Support Staff and Administrators: assisting in the realisation of assets, employee matters, liaising with creditors and debtors, managing the cashiering function, maintenance of the creditors' contacts database, assisting with creditors' queries and routine correspondence.
- Partners and Managers: on-site attendance, reviewing the Company's position and affairs, handling asset realisations, drafting statutory reports to creditors and overseeing the tax and VAT aspects of the case.

3.4 Creditors may access a Guide to Administrators' Fees at www.jonesgilesclay.co.uk/creditor-guide-to-fees-in-insolvency.asp or a hard copy will be provided on request.

3.5 Further information is set out below and in the appendices to explain the future work that the Joint Administrators anticipate undertaking in this Administration.

4. The Joint Administrators' Expenses

4.1 Expenses are amounts properly payable by the office holder from the estate which are not otherwise categorised as the office holder's remuneration or as a distribution to a creditor or creditors. These may include, but are not limited to, legal and agents' fees, trading expenses and tax liabilities.

4.2 Disbursements are expenses initially met by, and later reimbursed to, an office holder in connection with an insolvency appointment and will fall into two categories: Category 1 and Category 2.

- Category 1 disbursements are payments to independent third parties where there is specific expenditure directly referable to the appointment in question. These are charged to the estate at cost with no uplift. These include, but are not limited to, such items as advertising, bonding and other insurance premiums. Legislation provides that administrators may discharge Category 1 disbursements from the funds held in the insolvent estate without further recourse to creditors.

- Category 2 disbursements are also directly referable to the appointment in question but not to a payment to an independent third party. Payments may only be made in relation to Category 2 disbursements after the relevant creditors have approved the bases of their calculation.

4.3 Appendix III provides details of the bases of Category 2 disbursements that the Joint Administrators propose to recover from the insolvent estate and the Category 1 and 2 disbursements as well as the other expenses that the Joint Administrators expect to incur in the Administration.

5. Proposed Work to be Undertaken

5.1 Set out in Appendix III is a detailed list of tasks that the Joint Administrators propose that they and their staff will undertake. The most material tasks are summarised below. The Estimated Outcome Statement attached to the Statement of Proposals provides an overview of the financial benefit that this work is expected to bring to creditors.

Administration (including Statutory Reporting)

5.2 The Joint Administrators are required to meet a considerable number of statutory and regulatory obligations. Whilst many of these tasks do not have a direct benefit in enhancing realisations for the insolvent estate, they assist in the efficient and compliant progressing of the administration, which ensures that the Joint Administrators and their staff carry out their work to high professional standards.

5.3 Primarily, these tasks include:

- Meeting all statutory reporting and filing requirements, including 6-monthly reports, seeking an extension where necessary, and issuing a final report and notices;
- Consulting with and instructing staff and independent advisers as regards practical, technical and legal aspects of the case to ensure efficient progress;
- Maintaining case files, which must include records to show and explain the administration and any decisions made by the Joint Administrators that materially affect the administration;
- Conducting periodic case reviews to ensure that the administration is progressing efficiently, effectively and in line with the statutory requirements; and
- Maintaining and updating the estate cash book and bank accounts, including regular bank reconciliations and processing receipts and payments.

Investigations

5.4 The Joint Administrators examine the conduct of the Company and its directors prior to the Administration with two main objectives:

- To identify what assets are available for realising for the benefit of creditors, including any potential actions against directors or other parties, such as challenging transactions at an undervalue or preferences; and

- To enable the Joint Administrators to report to the Insolvency Service on the conduct of the directors so that the Insolvency Service may consider whether disqualification proceedings are appropriate ("CDDA" work).
- 5.5** In the early stages of the Administration, this work involves examining the Company's books and records, considering information received from creditors and the Company's accountants and seeking information from the Company's directors and other senior staff by means of questionnaires and/or interviews.
- 5.6** In the event that questionable transactions are identified, it may be necessary to conduct further investigations and instruct solicitors to assist in deciding the Joint Administrators' next steps in pursuing a recovery. If a potential recovery action is identified, it may be necessary to instruct professional agents in gathering evidence and in exploring further the existence and value of assets to target. If the Joint Administrators encounter resistance in making a recovery, formal legal action may be appropriate.
- 5.7** In addition, if the Insolvency Service decides to proceed with a disqualification, the Joint Administrators will be required to assist the Insolvency Service's investigators in their work, which may include providing the investigators with access to the Company's books and records and agreeing statements to be given in evidence of those proceedings.

Realisation of assets

- 5.8** The Statement of Proposals summarises the work carried out by the Joint Administrators to date in realising the Company's assets. The principal matters are:
- Completing the sale of the Bristol business and assets;
 - Pursuing settlement of the Company's insurance claims;
 - Liaising with RBS Invoice Finance Limited regarding the company's outstanding debtor book,
 - Concluding a sale of the Company's remaining chattel assets, intellectual property and work in progress, which will involve determining any claims of retention of title; and
 - Maintaining appropriate insurance cover on the Company's assets until they have been disposed of.

Trading

- 5.9** Although the Company had ceased trading prior to Administration the following matters were attended to:
- Assessing the work in progress
 - Dealing with post appointment sales invoices relating to the sale of work in progress

Creditors (claims and distributions)

5.10 As the Statement of Proposals explains, there a number of different classes of creditor involved in the Administration that require the Joint Administrators' attention. In particular, the Joint Administrators anticipate conducting the following key tasks:

- Examining the validity of the secured creditors' claims and, where relevant, paying distributions to the secured creditors;
- Assisting the employees to receive payments from the Redundancy Payments Office ("RPO") and liaising with the RPO to agree its claim;
- Updating company's accounting system with unposted purchase invoices to ensure that the final pre Administration VAT Return can be submitted,
- Reviewing claims submitted by HM Revenue & Customs ("HMRC") and, where appropriate, examining the Company's records to appeal assessments or adjudicate on the Crown's claims;
- Responding to creditors' queries and logging their claims and supporting information;
- Maintaining the database as regards creditors' contact details and claims;
- Dealing with a creditors' committee, if one is appointed;
- Agreeing employee claims, calculating and paying a distribution to preferential creditors, if there are sufficient funds, and paying the subsequent PAYE/NI deductions to HMRC;
- If a prescribed part dividend is to be paid in the Administration, adjudicating on all unsecured creditors' claims, including seeking further information where necessary; and
- Where relevant, calculating and paying the prescribed part dividend and dealing with unclaimed dividends.

6. Other Information to Support the Proposed Fees/Expenses

6.1 Appendix III provides the Joint Administrators' estimate of the expenses that have been or are likely to be incurred.

6.2 Please note that the estimate has been provided on the assumptions given below. In the event that it proves necessary for the Joint Administrators to incur additional expenses in performing their duties, they will provide further details in their progress reports, but there is no statutory obligation to ask creditors to approve any adjusted Expenses Estimate.

6.3 In summary, the Joint Administrators propose that their fees be fixed in the sum of £50,000 plus VAT plus disbursements.

6.4 Fixing the Joint Administrators' fees in this way provides creditors with certainty as regards the fees irrespective of developments in the Administration (although the Joint Administrators have a statutory right to seek creditors' approval to adjust the fee in the event that circumstances change materially) and, if the Joint Administrators were to charge their fees on the alternative basis of time costs incurred by them and their staff, it is very likely that this would result in a fee at least equal to, and likely in excess of, that proposed. On this basis, the Joint Administrators consider the proposed fee basis to be a fair and reasonable reflection of the work that they propose to undertake.

6.5 The proposed fees and the Expenses Estimate have been compiled on the assumptions set out below. Please note that these are assumptions only for the purposes of preparing the proposed fees and Expenses Estimate in accordance with the statutory provisions. It has been assumed that:

- investigations to the extent described in section 5 above will be carried out;
- no exceptional work will need to be conducted in order to realise the remaining assets;
- there will be no requirement to hold a physical creditors' meeting or additional decision procedure to consider the matters covered by this Proposal; and
- there will be no need to extend the Administration.

7. The Joint Administrators' Discharge

7.1 The Act requires that the timing of the Joint Administrators' discharge from liability will be decided by the preferential and secured creditors. The Joint Administrators propose that this discharge will take effect when their appointment ceases to have effect, unless the court specifies a time.

8. Approval Process

8.1 As explained above, in the absence of a Creditors' Committee, the matters described in this Proposal are to be decided by the preferential and secured creditors. Therefore, this information is provided to other creditors for information purposes only.

If any creditor has any queries in relation to the above, please do not hesitate to contact either of the Joint Administrators or Claire Jackson (clairejackson@jonesgilesclay.co.uk).

Dated this 16 July 2018

Susan Clay
Joint Administrator

Susan Clay and W Vaughan Jones were appointed Joint Administrators of City Engineering Systems (Bristol) Limited on 8 June 2018. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

City Engineering Systems (Bristol) Limited (In Administration)

**STATEMENT OF THE JOINT ADMINISTRATORS' PROPOSALS
PURSUANT TO SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

**Appendix I
to the Joint Administrators' Proposal**

County Court at Cardiff Court

No. 62 of 2018

**City Engineering Systems (Bristol) Limited
In Administration**

**STATEMENT OF THE JOINT ADMINISTRATORS' PROPOSALS
PURSUANT TO SCHEDULE B1 OF THE INSOLVENCY ACT 1986**

**Susan Clay and W Vaughan Jones
Joint Administrators**

Jones Giles & Clay Ltd

The Maltings, East Tyndall Street, Cardiff, CF24 5EZ

029 2035 1490

sueclay@jonesgilesclay.co.uk and vaughanjones@jonesgilesclay.co.uk

Disclaimer Notice

- This Statement of Proposals has been prepared by Susan Clay and W Vaughan Jones, the Joint Administrators of City Engineering Systems (Bristol) Limited, solely to comply with their statutory duty under Paragraph 49, Schedule B1 of the Insolvency Act 1986 to lay before creditors a statement of their proposals for achieving the purposes of the Administration and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.
- Any estimated outcomes for creditors included in this Statement of Proposals are illustrative only and cannot be relied upon as guidance as to the actual outcomes for creditors.
- Any person that chooses to rely on this document for any purpose or in any context other than under Paragraph 49, Schedule B1 of the Insolvency Act 1986 does so at their own risk. To the fullest extent permitted by law, the Joint Administrators do not assume any responsibility and will not accept any liability in respect of this Statement of Proposals.
- The Joint Administrators act as agent for City Engineering Systems (Bristol) Limited and contract without personal liability. The appointment of the Joint Administrators is personal to them and, to the fullest extent permitted by law, Jones Giles & Clay Ltd does not assume any responsibility and will not accept any liability to any person in respect of this Statement of Proposals or the conduct of the Administration.
- All licensed Insolvency Practitioners of Jones Giles & Clay Ltd are licensed in the UK to act as Insolvency Practitioners.

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Attachments

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- B Statutory Information and SIP16 Statement**
- C Estimated Financial Statement as at 13 July 2018 and Creditors' Details**
- D The Joint Administrators' Receipts and Payments Account to 13 July 2018**

1. Introduction

- 1.1** This Statement of Proposals is prepared pursuant to Schedule B1 of the Act in relation to the Company, the purposes of which are to provide creditors with a full update as to the present position and to set out the Joint Administrators' proposals for achieving an Administration objective.
- 1.2** The Statement of Proposals also includes information required to be provided to creditors pursuant to the Rules. Definitions of the terms used in the Statement of Proposals are provided in Attachment A and statutory information pertaining to the Company is set out in Attachment B.
- 1.3** This Statement of Proposals is being delivered to creditors on 16 July 2018.
- 1.4** The Joint Administrators think that there is insufficient property for a distribution to the unsecured creditors other than by means of the prescribed part. Consequently and in accordance with Paragraph 52(1)(b) of Schedule B1 of the Act, creditors are not being asked to decide on the Joint Administrators' proposals, although they may ask the Joint Administrators to request such a decision. Please see section 8 for further details.

2. Background to the Company

- 2.1** The Company was established on 31 July 2015 and the principal activity was precision engineers specialising in sheet metal work and fabrication in stainless steel, aluminium and mild steel.
- 2.2** The Company traded from leasehold premises at 7 Maggs Lane, Fishponds, Bristol, BS5 7EP and also from Alfred Cook House, Canal Parade, Cardiff, CF10 5RD. The premises in Bristol were not occupied under a formal lease and the Cardiff premises were occupied under the terms of a sub-lease until December 2017 when the head lease expired with no new terms having been agreed at the date of Administration.

2.3 Company history

Overview of Financial Information

- 2.4** Extracts from the accounts for the 12 months to 31 July 2016, management accounts for the eight months ended 31 March 2017 and management accounts for the 12 months ended 31 March 2018 are shown below.
- 2.5** Please note that this information has not been verified by the Joint Administrators or by Jones Giles & Clay Ltd.

City Engineering Systems (Bristol) Limited (In Administration)
Statement of Joint Administrators' Proposals
Pursuant to Schedule B1 of the Insolvency Act 1986

Summary Profit and Loss Account

	Draft Management Accounts for the year ended 31 March 2018 £	Draft Management Accounts for the 8 months ended 31 March 2017 £	Accounts for year to 3 1 July 2016 £
Turnover	3,440,605	1,626,091	1,882,571
Cost of Sales	(2,150,040)	(979,590)	(1,107,006)
Gross Profit	1,290,566	646,502	775,565
Gross Margin %	37%	40%	41%
Other Expenses	(1,990,803)	(719,141)	(946,265)
Net Loss	(700,237)	(72,639)	(170,700)

Summary Balance Sheet

Tangible assets	1,750,187	1,272,430	411,932
Intangible assets	155,951	44,718	161,050
Fixed assets	1,906,138	1,317,148	572,982
Current Assets			
Stock	348,349	169,159	50,304
Debtors	1,095,585	634,070	478,941
Other	90,528	56,719	99,518
	1,534,462	859,949	628,773
Liabilities	(4,571,307)	(2,742,292)	(1,372,455)
Net Liabilities	(1,130,707)	(565,195)	(170,700)

It was reported in the Accounts for the year ended 31 July 2016 that the company had prepared a business plan which aimed to raise £1.68m for working capital to expand into new markets and return to profitability. The Accounts were therefore prepared on a Going Concern basis.

Management and Employees

2.6 As at 8 June 2018, the Company employed approximately 50 staff, as follows:

Bristol	28 employees
Cardiff	22 employees

2.7 Statutory information on the Company, including details of the Directors, Company Secretary, and Shareholders is provided at Attachment B.

3. Events leading to the Administration

3.1 The directors first sought our advice regarding the Company's position on 22 February 2018 following the withdrawal of ongoing financial support by its parent company, Laser Precision Engineering Limited ("Laser"). Whilst there were no demands for repayment of existing loans, the withdrawal of support had resulted in the need for the Company to enter into a Time to Pay arrangement with HM Revenue & Customs and for the directors to undertake a full review of the Company's trading activities. That review had indicated that:

- The Company could continue to trade and generate profits in the short term
- The Company should seek to wind down the Cardiff facility, and
- The Company should seek a buyer for the Bristol facility.

3.2 It was recognised by the Board that the Company's ability to deal with the closure costs for Cardiff would depend upon the funds realised for the Bristol facility and also the attitude of Laser in relation to repayment of its loan, either in full or in part. The formal insolvency of the Company remained therefore a possibility.

3.3 The Company, assisted by Laser and an external consultant, sought a buyer for the Bristol facility. Following many weeks of activity, and interest being expressed by a small number of parties, only one offer was received but the terms attaching to that offer could not be accepted by the Company.

3.4 By 16 May 2018, despite increased sales, the directors became concerned about the Company's future prospects. Orders for its Cardiff facility were coming to an end by 31 May 2018 thereby crystallising redundancy costs, and trading at its Bristol facility was being impacted by cash-flow constraints. A review of the Company's cash-flow revealed that there was likely to be insufficient working capital available in June 2018 to allow the Company to continue to trade. The Company was reluctant to approach RBS Invoice Finance Limited ("RBSDF") for additional funding on grounds that existing funding may have been placed at risk, thereby preventing the rescue of part of the business.

3.5 The options listed below were considered with the directors at that time:

- Company Voluntary Arrangement ("CVA")
- Liquidation
- Pre-packaged Administration Sale

3.6 There was insufficient working capital and no prospect of persuading new funding to allow any extended period of trading in order that the business and assets could be exposed thoroughly to the market. The directors remained confident however that the Bristol facility could trade profitably as a standalone business and would be an attractive proposition if exposed to a wider audience. The directors also

believed that securing a sale would not only see enhanced realisations for the benefit of creditors (in terms of the net proceeds from the sale of assets and enhanced debtor realisations) but also a net benefit in terms of the transfer of the employees which would result in reduced redundancy claims against the company.

- 3.7** As a result the Board decided that the Bristol facility should be marketed to a wider audience albeit for a restricted period of time as their own efforts to sell the business had not included any national marketing. Jones Giles & Clay Limited was engaged on 16 May 2018 to assist with an AMA process, with the assistance of Gordon Brothers, agents with experience in that field.
- 3.8** For the purposes of the AMA process it was agreed with Gordon Brothers that the marketing and media coverage would include:
- Online promotions,
 - A targeted email flyer to all potential purchasers known to them,
 - Postings on an external website dedicated to business sales (ipbid.com),
 - A feature on their own website, and
 - Offline communications with trade dealers and institutional investors.
- 3.9** Marketing was undertaken for a period of nine days. This period was agreed in order that the outcome could be established before the end of May 2018 when the Company would need to make some critical decisions about the Company's future, anticipated to be a cessation of trade and formal insolvency. The time constraints imposed in this instance meant that adverts in national press and/or trade magazines were not feasible due to the time involved in placing the advertisement and that advertisement reaching its target audience.
- 3.10** The agent's marketing led to thirteen parties expressing an interest, seven parties returning the signed Non-Disclosure Agreement and being sent the Information Memorandum. Negotiations were entered into with one party. Only one offer was received for the Bristol facility and this was reviewed by both Jones Giles & Clay Limited and Gordon Brothers and recommended for acceptance to the Board.
- 3.11** On 8 June 2018, Susan Clay and W Vaughan Jones of Jones Giles & Clay Ltd were appointed Joint Administrators of the Company following an Administration Order granted by the Court on the application of the Directors. A sale of the business and assets of the Bristol facility was concluded on that date. Further details regarding the strategy adopted and the sale is included at Attachment B.
- 3.12** The Joint Administrators confirm that they are authorised to carry out all functions, duties and powers by either one or both of them.
- 3.13** For creditors' general information, the EU Regulation on insolvency proceedings applies in this case, and these proceedings are the main proceedings.

4. The Purpose of the Administration

4.1 The purpose of an Administration is set out in Schedule B1, Paragraph 3(1) of the Act. In short, this provides that an Administrator of a company must perform his functions with the objective of:

- rescuing the company as a going concern, or
- achieving a better result for the creditors as a whole than would be likely to be achieved if the company were wound up (without first being in Administration), or
- realising property in order to make a distribution to one or more secured or preferential creditors.

4.2 These objectives form a hierarchy. The rescue of a company is the priority. If this is not possible, the Administrator seeks to achieve a better result for the creditors as a whole. In the event that this cannot be achieved, then the Administrator is permitted to realise assets for the benefit of the preferential or secured creditors.

4.3 The Joint Administrators would comment that it was not possible to achieve objective one due to lack of working capital, lack of orders for the Cardiff facility and the cessation of that business prior to appointment.

4.4 The Joint Administrators would comment that the Administration has enabled a sale of part of the business and assets to be achieved thus achieving better result for the creditors as a whole than would likely to be achieved if the company were wound up (without first being in Administration). The sale of the business has also provided continuity of supply for many of the customers thus protecting the debtor book.

4.5 A detailed account of how the Joint Administrators have sought to achieve the objective of the Administration is set out below.

5. Management of the Company's Affairs since the Joint Administrators' Appointment

5.1 Immediately upon appointment the Joint Administrators undertook a review of the Company's affairs with particular regard to its financial and resource requirements.

The sale of the Company's business and assets

5.2 A pre-pack sale was undertaken of the Bristol facility and the information relating to this sale is attached at Attachment B.

Sales to connected parties

5.3 There have been no sales of any of the Company's assets to connected parties since the Joint Administrators' appointment.

Assets remaining to be realised

Book Debts

- 5.4 The Company's book debts were the subject of a Debt Purchase Agreement with RBS Invoice Finance Limited ("RBSIF"). Immediately prior to the appointment of the Administrators RBSIF terminated the company's agency and appointed its own agents to collect the book debts. The value of outstanding book debts at that time was £844,922 and the amount outstanding to RBSIF (before any early termination charges are raised) was £399,000. As illustrated in the Estimated Outcome Statement at Attachment D, it is estimated that there will be a surplus of £347,449 after RBSIF's debt has been discharged.

Plant, Machinery and Motor Vehicles

- 5.5 The company's plant, machinery and motor vehicles located at its Cardiff facility were sold at auction on 12 July 2018. The assets were given a combined estimated value of £80,000 although actual realisations are expected to be in excess of this. A final report is awaited from Gordon Brothers.

Work in Progress

- 5.6 An amount of £40,321 remains due in respect of the value of work in progress agreed with customers following the appointment of the Joint Administrators.

Post appointment strategy

- 5.7 Following the appointment of the Joint Administrators on 8 June 2018, members of the Joint Administrators' staff attended each the Company's sites to advise employees of the Joint Administrators' appointment. Staff at the Bristol facility were briefed with regards to the Administration and informed that a sale of the business and assets had been completed to HSM Aero Limited. Staff were then informed that their employment had been transferred under TUPE. It became apparent during that meeting that the staff had already been addressed by the purchaser. All employees at the Cardiff facility had been made redundant prior to Administration but a meeting was held on site with key personnel in order to discuss security issues and also third party claims on goods remaining on site.
- 5.8 The Joint Administrators' staff are in the process of collating creditors' claims and have handled creditors' queries as they have arisen which include telephone calls and correspondence and also attendance at site to identify items the subject of third party claims. Assistance has also been provided to all former employees in terms of P45 issues, pension issues and amounts due in respect of wages, holiday pay, compensations for not receiving proper notice and also redundancy.
- 5.9 The Joint Administrators' legal advisors are engaged to advise on the validity of the two charges registered against the company; RBSIF and Laser Precision Engineering Limited.

- 5.10** An amount of plant and machinery was financed on hire purchase agreements. The Joint Administrators' staff continue to liaise with these funders and information continues to be provided to assist the funders in assessing their position.
- 5.11** Gordon Brothers, a firm of chattel agents, was instructed by the Joint Administrators to undertake inventories and valuations of plant and equipment, fixtures and fittings and other chattel assets where appropriate. The agents also advised on the best method of disposal of those assets and continue to assist in their disposal, as well as assisting with claims of retention of title and security.
- 5.12** The Joint Administrators continue to liaise with RBSIF/their appointed agents in relation to the realisation of outstanding book debts.
- 5.13** All professional fees are based upon the parties' recorded time costs incurred at their standard charge out rates and will be reviewed by the Joint Administrators' staff before being approved for payment. The appointed agents, Gordon Brothers, are charging time costs and also a commission of 5% of all asset sales achieved via auction.

Investigation into the Company's Affairs Prior to the Administration

- 5.14** The Joint Administrators are undertaking a review of the Company's trading activities in order to establish whether or not there are actions that may be taken for the benefit of the Administration and consequently to enable a conduct report to be submitted in respect of Company directors in office at the commencement of the Administration and any who resigned in the three years prior to the Administration.
- 5.15** Should any creditor have any concerns about the way in which the Company's business has been conducted or information on any potential recoveries for the estate, they are invited to bring them to the attention of the Joint Administrators as soon as they are able.

6. The Statement of Affairs and the Outcome for Creditors

- 6.1** The Directors have not, to date, submitted a signed Statement of Affairs, albeit The Joint Administrators have been advised that this is in the process of being drafted. An Estimated Financial Outcome, together with a list of the creditors, is attached at Attachment C for creditors' information. These details have been extracted from the Company's records and therefore no warranty can be given to the accuracy of the details given.
- 6.2** The Joint Administrators have not carried out any work of the nature of an audit on the information.

Secured creditors

- 6.3** The Company's debt with RBSIF at the date of the appointment of the Joint Administrators was £399,000 representing amounts advanced against approved sales invoices. It is understood that Laser has provided a Guarantee to RBSIF in respect of this borrowing.
- 6.4** The Company's debt with Laser, its parent company, at the date of appointment of the Joint Administrators was reported as £2,750,000 with a further £100,000 estimated to fall due in respect of the Company's VAT liability for the final period. Laser is the representative member in the Group VAT registration and will therefore be liable for this. A full schedule of the dates and amounts of advances to the company has been requested.
- 6.5** The anticipated recovery to the secured creditors is shown on the Estimated Outcome Statement at Attachment C.

Preferential claims

- 6.6** A claim for unpaid pension contributions is anticipated, although it has yet to be quantified.
- 6.7** Preferential claims relating to wages and holiday pay due to former employees are expected. These are likely to be in the region of £45,000.
- 6.8** Section 176A of the Act requires Administrators to make a prescribed part of the company's net property, which is the balance remaining after discharging the preferential claims but before paying the floating charge-holder, available for the satisfaction of unsecured debts.
- 6.9** From the Statement at Attachment D, you will note that the net property is estimated to be £498,152, which would result in an estimated prescribed part of £102,630. Please note that the net property figures and associated costs can only be estimated at this stage and the value of the prescribed part is also only an estimate and is subject to change.
- 6.10** The Joint Administrators do not propose to make an application to court under Section 176A(5) of the Act to disapply the prescribed part provisions, because the Joint Administrators intend to distribute the prescribed part in the event that the net property exceeds £10,000.
- 6.11** As demonstrated in the Estimated Outcome Statement attached at Attachment C, on the basis of the costs incurred to date and the estimated further costs to be incurred in bringing the Administration to a conclusion, it is anticipated that there will be sufficient funds to pay preferential creditors in full and a dividend to ordinary unsecured creditors. Due to the possible distribution to unsecured creditors, creditors are requested to submit claims to the address on the front of this report.

- 6.12 Attached at Attachment E is the Joint Administrators' receipts and payments account for the period from 8 June 2018 to 10 July 2018.

7. The Joint Administrators' Fees

- 7.1 The Joint Administrators propose to be remunerated on the basis of a fixed fee of £50,000.
- 7.2 The Joint Administrators will seek approval for the basis of their fees from the preferential and secured creditors, unless a Creditors' Committee is established.
- 7.3 Information to support the proposed basis of the Joint Administrators' fees is provided in the Joint Administrators' Proposal, to which this Statement of Proposals forms an appendix.

8. Approval of the Statement of Proposals

- 8.1 As explained in Section 6 above, the Joint Administrators think that the Company has insufficient property to enable a distribution to be made to unsecured creditors (other than by virtue of Section 176A(2)(a) of the Act). Therefore, pursuant to Paragraph 52(1)(b) of Schedule B1 of the Act, the Joint Administrators are not required to seek creditors' approval of the Statement of Proposals.
- 8.2 Notwithstanding this, the Joint Administrators shall be required to seek a creditors' decision on whether to approve the Statement of Proposals, if it is requested by creditors whose debts amount to at least 10% of the Company's total debts. Such request must be delivered to the Joint Administrators within 8 business days from the date on which the Statement of Proposals was delivered. Security must be given for the expenses of seeking such a decision.
- 8.3 If no decision is requested, the Statement of Proposals will be deemed to be approved pursuant to Rule 3.38(4) of the Rules.

9. Summary of the Joint Administrators' Proposals

- 9.1 The Statement of Proposals is summarised below.
- 9.2 In order to achieve the purpose of the Administration, the Joint Administrators formally propose to creditors that:
- the Joint Administrators continue to manage the business, affairs and property of the Company in order to achieve the purpose of the Administration, in particular that:
 - (i) they sell the Company's assets at such times and on such terms as they consider appropriate;

- (ii) they continue with the collection of any book debts reassigned to the company once RBSIF have been paid in full,
 - (iii) they investigate and, if appropriate, pursue any claims that the Company may have against any person, firm or company, whether in contract or otherwise, including any officer or former officer of the Company or any person, firm or company that supplies or has supplied goods or services to the Company; and
 - (iv) they do all such things and generally exercise all their powers as Joint Administrators as they consider desirable or expedient at their discretion in order to achieve the purpose of the Administration or protect and preserve the assets of the Company or maximise the realisations of those assets, or of any purpose incidental to these activities.
- the Joint Administrators make distributions to any secured or preferential creditors in accordance with Paragraph 65 of Schedule B1 of the Act. Further, they may make a distribution to unsecured creditors, having first sought the court's permission in accordance with Paragraph 65(3) of Schedule B1 of the Act where necessary.
- the Joint Administrators end the Administration in one of the following ways, *appropriate to the circumstances of the case at the time*
 - (i) In the unlikely event that there is no remaining property that might permit a distribution to the Company's creditors, they shall file a notice of dissolution of the Company pursuant to Paragraph 84 of Schedule B1 of the Act; or
 - (ii) In the event that the Joint Administrators think that a distribution will be made to unsecured creditors (and they have not sought the court's permission, and are otherwise unable, to pay the distribution whilst the Company is in Administration), they shall send to the Registrar of Companies notice to move the Company from Administration to Creditors' Voluntary Liquidation. In such circumstances, Susan Clay and W Vaughan Jones will be appointed Joint Liquidators and will be authorised to act either jointly or separately in undertaking their duties as Liquidator. Creditors may nominate a different person or persons as the proposed liquidator or liquidators in accordance with Paragraph 83(7)(a) of Schedule B1 of the Act and Rule 3.60(6)(b) of the Rules, but they must make the nomination or nominations at any time after they receive the Statement of Proposals, but before it is approved. Information about the process of approval of the Statement of Proposals is set out at Section 8; or
 - (iii) Alternatively, and should there be no likely funds to distribute to unsecured creditors, the Joint Administrators may seek to place the Company into Compulsory Liquidation in order to bring proceedings that only a Liquidator may commence for the benefit of the estate. In such

City Engineering Systems (Bristol) Limited (In Administration)
Statement of Joint Administrators' Proposals
Pursuant to Schedule B1 of the Insolvency Act 1986

circumstances, Susan Clay and W Vaughan Jones may ask the court that they be appointed Joint Liquidators, to act either jointly or separately in undertaking their duties as Liquidator.

Dated this 16 July 2018



Susan Clay
Joint Administrator

Susan Clay and W Vaughan Jones were appointed Joint Administrators of City Engineering Systems (Bristol) Limited on 08 June 2018. The affairs, business and property of the Company are managed by the Joint Administrators. The Joint Administrators act as agents of the Company and contract without personal liability.

DEFINITIONS

The Act	The Insolvency Act 1986
The Rules	The Insolvency (England & Wales) Rules 2016
The Statement of Proposals	The Statement of the Joint Administrators' Proposals prepared pursuant to Paragraph 49(1) of Schedule B1 of the Act
The Joint Administrators	Susan Clay and W Vaughan Jones
The Company	City Engineering Systems (Bristol) Limited (in Administration)
The Court	County Court at Cardiff
ROT	Retention of Title
EOS	Estimated Outcome Statement
PP or Prescribed Part	The Prescribed Part of the Company's net property subject to Section 176A of the Insolvency Act 1986
SIP	Statement of Insolvency Practice (England & Wales)
TUPE	Transfer of Undertakings (Protection of Employment) Regulations

City Engineering Systems (Bristol) Limited (IN ADMINISTRATION)**STATUTORY INFORMATION**

Company Name	City Engineering Systems (Bristol) Limited
Previous Name(s)	None
Trading Name(s)	As above
Proceedings	In Administration
Court	County Court at Cardiff
Court Reference	62 of 2018
Date of Appointment	8 June 2018
Joint Administrators	Susan Clay and W Vaughan Jones Jones Giles & Clay Ltd The Maltings, East Tyndall Street, Cardiff, CF24 5EZ
Registered office Address	c/o Jones Giles & Clay Ltd, The Maltings, East Tyndall Street, Cardiff, CF24 5EZ
Company Number	09712741
Incorporation Date	31 July 2015
Appointment by	Directors of the Company
Directors at date of Appointment	David Hitchcock Ian Watkins Mark Watkins Richard Ashby
Directors' Shareholdings	No directors are shareholders of the company

City Engineering Systems (Bristol) Limited (IN ADMINISTRATION)

PRE-PACK SALE DISCLOSURE

In accordance with SIP16, I provide details regarding the sale of the Company's business and assets ("the Sale") and the events leading up to the Sale.

Pre-packaged sale

The business and assets of the Bristol facility have been sold following a pre-packaged sale. The Cardiff facility was closed prior to the appointment of Joint Administrators as it had no work beyond 31 May 2018.

The primary function of an administrator is to achieve one of the objectives set out in the Insolvency Act 1986 which are:

1. Rescuing the company as a going concern. (Note: this purpose is to rescue the company as opposed to rescuing the business undertaken by the company.), or
2. Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration), or
3. Realising property to make a distribution to one or more secured or preferential creditors.

It was immediately obvious that the first purpose of rescuing the Company as a going concern could not be achieved for reasons explained later in this letter. Therefore the statutory purpose being pursued in this case is to achieve a better result for the Company's creditors as a whole than would be likely if the Company were wound up.

The pre-packaged sale enables the statutory purpose to be achieved and in my view the outcome achieved was the best available outcome for creditors as a whole in all the circumstances. I provide below an explanation and justification of why a pre-packaged sale was undertaken.

The Roles of the Insolvency Practitioners

Prior to commencement of the Administration, Jones Giles & Clay Limited acted as advisors to the Company in relation to the options available to it. For the avoidance of doubt, neither Jones Giles & Clay Limited nor its insolvency practitioners advised the directors personally or any parties connected with the purchaser, who were encouraged to take independent advice. At all times prior to Administration, the Board of Directors remained responsible for and in control of the Company's affairs.

During this time, the insolvency practitioners of Jones Giles & Clay Limited took their own steps to prepare for their potential appointment as Joint Administrators. There were clear advantages in looking to sell the business and assets of the Bristol facility swiftly on appointment, as this strategy would significantly reduce the ongoing costs of securing and maintaining the assets. It would also avoid the substantial risk that the value of the business and assets would deteriorate as a result of the commencement of a formal insolvency process. The insolvency practitioners, with the assistance of professional and independent agents, considered the most effective method of securing a sale representing the best outcome for creditors as a whole. Negotiations were undertaken with parties interested in acquiring the business and assets of at the Bristol facility to a point whereby a sale could be concluded shortly after the Administration had commenced.

Immediately on appointment, the Joint Administrators, as officers of the court and as agents of the Company, took over the responsibilities of managing the affairs, business and property of the Company

from the Board. In the interests of the creditors as a whole, and mindful of the need to achieve a statutory purpose of an Administration, they concluded the Sale of the Bristol facility on 8 June 2018.

Insolvency practitioners are bound by the Insolvency Code of Ethics when carrying out all professional work relating to an insolvency appointment. The Joint Administrators observed the Code in all their activities both prior to and after their appointment.

Initial Introduction

Jones Giles & Clay Limited was initially approached by the Company's directors on 22 February 2018 on the recommendation of Ian Watkins who knew both W Vaughan Jones and Susan Clay from business dealings many years previously. The directors were seeking advice on the options available for the Company, following the withdrawal of ongoing financial support by its parent company Laser Precision Engineering Limited ("Laser").

Pre-appointment Matters

In addition to advising on the Company's options, our advice covered marketing the business and also involved negotiating and agreeing the contract to be completed following the Joint Administrators' appointment. The fees agreed in respect of this were was £3,000 plus VAT plus disbursements. In addition a further fee of £3,000 plus VAT plus disbursements was agreed in respect of assisting with an Accelerated Merger and Acquisition ("AMA") process. These amounts have been paid in full by the Company.

Signed engagement letters were received from the directors of the Company on 16 May 2018 (AMA) and 31 May 2018 (pre appointment advice).

The Company traded as precision engineers specialising in quality sheet metal work and fabrication in stainless steel, aluminium and mild steel. The Company operated from two sites; 7 Maggs Lane, Fishponds, Bristol, BS5 7EP and Alfred Cook House, Canal Parade, Cardiff, CF10 5RD.

The Company granted the following security:

Type of security	Charge-holder	Date of security
Debenture comprising fixed and floating charges	Laser	15 September 2015
Debenture comprising fixed and floating charges	RBS Invoice Finance Limited ("RBSIF")	22 February 2016

A Deed of Priority exists in favour of RBSIF in relation to any non-vesting debts.

The directors first sought our advice regarding the Company's position on 22 February 2018 following the withdrawal of ongoing financial support by its parent company, Laser. Whilst there were no demands for repayment of existing loans, the withdrawal of support had resulted in the need for the Company to enter into a Time to Pay arrangement with HM Revenue & Customs and for the directors to undertake a full review of the Company's trading activities. That review had indicated that:

- The Company could continue to trade and generate profits in the short term
 - The Company should seek to wind down the Cardiff facility, and
 - The Company should seek a buyer for the Bristol facility.
-

It was recognised by the Board that the Company's ability to deal with the closure costs for Cardiff would depend upon the funds realised for the Bristol facility and also the attitude of Laser in relation to repayment of its loan, either in full or in part. The formal insolvency of the Company remained therefore a possibility.

The Company, assisted by Laser and an external consultant, sought a buyer for the Bristol facility. Following many weeks of activity, and interest being expressed by a small number of parties, only one offer was received but the terms attaching to that offer could not be accepted by the Company.

By 16 May 2018, despite increased sales, the directors became concerned about the Company's future prospects. Orders for its Cardiff facility were coming to an end by 31 May 2018 thereby crystallising redundancy costs, and trading at its Bristol facility was being impacted by cash-flow constraints. A review of the Company's cash-flow revealed that there was likely to be insufficient working capital available in June 2018 to allow the Company to continue to trade. The Company was reluctant to approach RBSIF for additional funding on grounds that existing funding may have been placed at risk, thereby preventing the rescue of part of the business.

The options listed below were considered with the directors at that time:

Company Voluntary Arrangement ("CVA")

Although a CVA, if approved, may have given the Company some breathing space to implement a plan whilst continuing to seek a buyer for the Bristol facility this was not considered an option given the lack of available funding.

The directors were also concerned that the existing funding from RBSIF would be impacted, customers would probably seek to source product elsewhere due to the uncertainty associated with the Company's future, staff would seek alternative employment and suppliers would impose untenable terms for payment.

Liquidation

The possibility of placing the Company into Liquidation was considered. However it was decided that this was not the best course of action to take, as Liquidation would mean that all employees would be made redundant leading to an increase in the level of creditors. In addition there would also have been no realisation for goodwill and debtor realisations may also have been greatly affected due to the lack of continuity of supply.

Pre-packaged Administration Sale

There was insufficient working capital and no prospect of persuading new funding to allow any extended period of trading in order that the business and assets could be exposed thoroughly to the market. The directors remained confident however that the Bristol facility could trade profitably as a standalone business and would be an attractive proposition if exposed to a wider audience. The directors also believed that securing a sale would not only see enhanced realisations for the benefit of creditors (in terms of the net proceeds from the sale of assets and enhanced debtor realisations) but also a net benefit in terms of the transfer of the employees which would result in reduced redundancy claims against the company.

As a result the Board decided that the Bristol facility should be marketed to a wider audience albeit for a restricted period of time as their own efforts to sell the business had not included any national marketing. As a result Jones Giles & Clay Limited was engaged on 16 May 2018 to assist with an AMA process, with the assistance of Gordon Brothers, agents with experience in that field.

The Joint Administrators' Options on Appointment

Immediately prior to appointment, the proposed Joint Administrators had considered whether the first Administration purpose might be achieved by continuing to trade the business within Administration in order that a proposal for a CVA might be put to creditors. However, it was concluded that trading the business during the Administration could not continue even for a short period whilst exploring whether the existing offer for the purchase of the business and assets could be improved, as the Company had insufficient finance in order to do so and it was not clear that the business would trade profitably.

The Company's major creditor, Laser, had been kept fully informed by both the Company and the proposed Joint Administrators of the proposed strategy regarding a pre-packaged sale of the Bristol business and were fully supportive of what was being proposed.

The Company's second largest creditor, RBSIF, also confirmed its support to what was being proposed albeit it was only consulted a few days prior to the appointment of the Joint Administrators.

The business and assets included in the Sale, which comprised the Bristol facility only, were purchased from the Joint Administrators of City Engineering (Bristol) Limited on 28 August 2015 and the insolvency practitioners in that matter were Alexander Kinninmonth and David Smithson of Baker Tilly Restructuring and Recovery LLP. Neither W Vaughan Jones nor I, nor any of our associates, had any involvement in this transaction.

Marketing of the Business and Assets

The directors, with the assistance of an external Consultant and a representative of Laser, had been actively seeking a purchaser for the business for a period of approximately 3 months prior to engaging Jones Giles & Clay Limited to assist with an AMA process. The directors advised that the target audience had been confined to known contacts and other parties known to be potentially looking to acquire a business in the engineering sector. The directors further advised that whilst their efforts had resulted in a number of parties visiting the Bristol facility and expressing an interest, only one formal offer had been received. That offer was not accepted as the Company was unable to accept certain conditions attaching to it. Those conditions included the requirement for the Company to discharge all of its trade creditors at a time when it had insufficient funds to do so and other priority creditors to consider. The interested party did not pursue the matter further.

The Marketing Strategy

For the purposes of the AMA process it was agreed with Gordon Brothers Agents that the marketing and media coverage would include:

- Online promotions,
- A targeted email flyer to all potential purchasers known to them,
- Postings on an external website dedicated to business sales (ipbid.com),
- A feature on their own website, and
- Offline communications with trade dealers and institutional investors.

Marketing was undertaken for a period of nine days. This period of marketing was agreed in order that the outcome could be established before the end of May 2018 when the Company would need to make some critical decisions about the Company's future anticipated to be a cessation of trade and formal insolvency.

The time constraints imposed in this instance meant that adverts in national press and/or trade magazines were not feasible due to the time involved in placing the advertisement and that

advertisement reaching its target audience. The Joint Administrators are satisfied that this length of marketing achieved the best available outcome for creditors as a whole in all the circumstances.

The agent's marketing led to thirteen parties expressing an interest, seven parties returning the signed Non-Disclosure Agreement and being sent the Information Memorandum. Negotiations were entered into with one party. Only one offer was received for the Bristol facility and this was reviewed by both Jones Giles & Clay Limited and Gordon Brothers and recommended for acceptance to the Board.

The marketing strategy has achieved the best available outcome for creditors as a whole in all the circumstances because:

- The Company was facing formal insolvency at the end of May 2018 which would almost certainly have resulted in cessation of trade and therefore break up values being obtained for all of the assets of the Company to include the Bristol facility,
- The significant costs of dealing with and realising the assets at the Bristol facility would be avoided to include insurance cover for a period of say 3 months, agents auction costs, increased insolvency practitioners costs and also the costs of continuing to occupy the Bristol premises when there were already significant rent arrears.
- Employees jobs would be preserved thus considerably reducing the claims of creditors due to contingent redundancy and notice pay costs being transferred to the purchaser, and
- Continuity of trade is likely to help preserve the value in the debtor book thus improving the prospects of a return to all classes of creditor.

Valuation of the Business and Assets

Gordon Brothers were engaged by Jones Giles & Clay Limited to assist with the AMA process as they had already been engaged by the Company during March 2018 to provide a valuation of the assets at the Bristol facility. They confirmed their prior involvement with the Company which was restricted to providing that valuation and are qualified Chartered Surveyors and RICS registered. Adequate professional indemnity insurance is also held.

Their valuation is summarised below and is restricted to the Bristol facility only:-

	In situ £	Ex situ £	Actual sales price £
Plant and equipment	234,000	180,000	150,000

An "in situ" (or going concern) valuation reflects the estimated amount for which the assets could be sold as a whole in their working place. The "ex situ" (or forced sale) basis reflects a sale whereby the assets are removed from the premises at the expense of the purchaser. The Joint Administrators considered the bases of the valuations appropriate, as they were able to consider offers with the objective of selling the business and assets as a going concern, but it was also necessary to understand what the assets might realise in the event that sale negotiations deteriorated and a forced sale of the assets became a possibility.

The value stated above is net of finance obligations and does not include values for the goodwill, stock and work in progress which are addressed separately below.

The goodwill of the business was not formally valued but was considered to have minimal value given the current position of the Company and its impending insolvency. The Goodwill was sold for £1,000.

The stock held was valued at cost at £25,120 with the majority identified as likely to be the subject of Retention of Title claims and needing either to be returned to the supplier or paid for by the purchaser outside of any Sale. The amount realised for whatever interest the Company held in the stock was £1,000.

The Work in Progress was costed at £46,350 comprising labour and material charge allocated to over seventy individual purchase orders. The largest item of working progress was for £21,963 representing approximately 25% of one individual purchase order. The amount realised for the work in progress was £23,000.

Book debts were not valued as they were not included in the sale.

Whilst the value obtained for the plant and equipment is lower than the agents ex situ valuation it was accepted on the basis that:

- The business had already been marketed by the Company for a period of three months and extended to a wider audience through the AMA process. The opportunity to sell in situ had probably been exhausted with there was now a prospect that the Company was facing closure,
- The offer provided a level of certainty over what would be likely to be achieved at auction/ex situ where realisations may fall short of the values provided,
- To complete a sale at that level would avoid the significant costs of sale and commissions which would be incurred if the business was closed. These costs were estimated to exceed £25,000,
- To complete a sale at that level would result in reduced holding costs in the form of insurance, occupation costs and insolvency costs saving a further estimated £25,000, and
- There would be a net benefit to all creditors as jobs would be preserved and redundancy costs avoided by the Company, estimated to be approximately £150,000.

The Transaction

The purchaser and related parties

A sale of the business and assets of the Bristol facility was completed on 8 June 2018 with HSM Aero Limited whose registered office is at Aerospace Logistic Centre, Fifth Avenue, Letchworth, SG6 2TS.

There is no connection between the purchaser and the directors, shareholders or secured creditors of the insolvent Company or their associates.

The transaction is between the insolvent Company and HSM Aero Limited only and does not impact on any related companies.

The assets

The Sale included the assets listed below and was completed by means of a sale and purchase agreement.

The sale consideration

The Sale consideration totalled £175,000 and was paid full on completion.

The Sale consideration has been allocated to the following asset categories:-

		£
Fixed charge asset	Goodwill	1,000
Floating charge assets	Work in progress	23,000
	Stock	1,000
	Plant, machinery and equipment	150,000

The validity of the charges has yet to be verified.

No payments have been made to any secured creditors pending a review being undertaken in respect of both debentures registered against the company.

Book debts were excluded from the Sale.

There were 26 employees who were transferred as part of the Sale.

A Deed of Surrender was entered into with the Landlord and the purchaser is understood to be occupying the premises under Licence whilst lease terms are negotiated.

The Sale is not part of a wider transaction.

Connected Party Transactions

As the Sale did not involve a connected party (as defined by the Insolvency Act), the pre-pack pool was not approached to consider it and a viability review has not been drawn up.

**City Engineering Systems (Bristol) Limited City Engineering Systems (Bristol) Limited (IN
ADMINISTRATION)**

ESTIMATED OUTCOME STATEMENT AS AT 13 JULY 2018 AND CREDITORS' DETAILS

CITY ENGINEERING SYSTEMS (BRISTOL) LIMITED

JOINT ADMINISTRATORS' ESTIMATED OUTCOME STATEMENT AS AT 13 JULY 2018

	Notes	Realised / paid to date	Estimated Future Realisations / costs	Total
		£	£	£
Assets subject to a fixed charge				
Book debts		364	770,035	770,399
Goodwill		1,000		1,000
		1,364	770,035	771,399
Less:				
Costs of realisation	5% commission	-	(19,950)	(19,950)
Joint Administrators' fees and expenses		-	(5,000)	(5,000)
Distributions to fixed charge holder		-	-	-
		-	(24,950)	(24,950)
Fixed charge funds in hand / estimated to be received		1,364	745,085	746,449
Indebtedness to fixed charge holder				399,000
Estimated surplus / (deficit) as regards fixed charge holder				347,449
Assets subject to a floating charge				
Plant, machinery, office furniture and motor vehicles		150,000	80,000	230,000
Stock and WIP		24,000	40,321	64,321
Bank interest		5	50	55
Cash in hand on appointment		131	-	131
Cash at Bank		5,763	-	5,763
		179,899	120,371	300,270
Less:				
Direct costs of realisation		4,028	50,322	54,350
Other costs		958	4,259	5,217
Joint Administrators' fees and expenses		-	45,000	45,000
		4,986	99,581	104,567
Floating charge funds in hand / estimated to be received		174,913	20,790	195,703
Fixed charge surplus				347,449
Estimated to be available to preferential creditors				543,152
Preferential creditors (employee claims) (not agreed)			(45,000)	(45,000)
Net Property				498,152
Estimated to be available to unsecured creditors via the Prescribed Part				
50% of initial £10,000 of Net Property			5,000	
20% of balance of Net Property			97,630	
Total Prescribed Part available (maximum £600k)				(102,630)
Estimated to be available to Floating Charge creditor				395,522
Amount due to Floating Charge Creditor				(2,850,000)
Deficiency as regards Floating Charge Creditor				(2,454,478)
Estimated to be available to unsecured creditors				-
Add back Prescribed Part provision				102,630
Estimated total to be available to unsecured creditors				102,630
Unsecured creditors				
Trade creditors (per listing)			346,589	
Trade creditors (estimate of invoices not posted to SAGE)			60,000	
HM Revenue & Customs - PAYE			111,000	
Finance Company Shortfalls			330,153	
Employees - redundancy and notice pay			129,525	
				977,267
Estimated surplus / (deficit) as regards unsecured creditors				(874,637)

Summary return to creditors

Estimated dividend to:			
RBSIF - Secured creditor	100	p in the £	
Laser - Secured creditor	14	p in the £	
Preferential creditors	100	p in the £	
Unsecured creditors	11	p in the £	

City Engineering Systems (Bristol) Limited

Schedule of Secured Creditors and Special Creditor Groups

Secured Creditors

Secured creditor's name and address	Amount of claim (estimated) £	Details of security	Date security was given	Estimated Value of security £
RBSIF	399,000	Debenture comprising fixed and floating charges over the company assets	10 February 2016	399,000
Laser	2,850,000	Debenture comprising fixed and floating charges over the company assets	28 August 2015	395,882

Finance Creditors

Finance company	Amount of claim (estimated) £	Details of security	Estimated Value of security £
Trulaser	106,143	Finance agreement – CNC Fibre Laser	100,000
Investec	324,776	Finance agreement – Hedelius Machine	150,000
Investec	5,672	Finance agreement – Transit YR12 GEJ	5,500
Secure Trust	288,953	Finance agreement – Hedelius Machine	150,000
LDF	29,109	Various TIG and MIG Welding plants	19,000

Special Creditor Groups

Creditor Group	Number of creditors in group	Total amount of claims (estimated)
Employees and former employees	50	174,525
Consumers claiming amounts paid in advance for the supply of goods and services	Nil	Nil

City Engineering Systems (Bristol) Limited
B - Company Creditors

Key	Name	Address	£
CA00	Aalco Metals Ltd	Amari Credit Centre, Express Trading Estate, Bolton, BL4 9NN	17,097.62
CA01	ABATEC	OLDMIXON CRESCENT, WESTON-S-MARE, NORTH SOMERSET, BS24 9AX	7,352.62
CA02	Able Waste Management	The recycling Centre, Hallen Industrial Estate, Hallen, Bristol, BS10 7SE	878.00
CA03	AFON ENGINEERING	CAMFFRWD WAY, SWANSEA VAL BUSINESS PARK, SWANSEA, SA6 8QD	576.00
CA04	Aerocom Metals Limited	Units B Grovelands Ind Estate, Longford Road, Coventry, CV7 9ND	378.00
CA05	Arbil Limited	Foundry Lane, Fishponds Industrial Estate, Bristol, BS5 7XH	360.00
CA06	AMROC HEATING	MELROSE CLOSE, SWANSEA ENTERPRISE PARK, SWANSEA, SA6 2QE	157.50
CA07	AIR PRODUCTS PLC	2 MILLENIUM GATE, WESTMERE DRIVE, CREWE, CHESHIRE, CW1 6AP	56.64
CA08	A&L ELECTRICAL SOLUTIONS	UNIT 4D, OLD PILL FARM IND EST, CALDICOT, NP26 5JH	1.00
CA09	AIR LIQUIDE	STATION ROAD, BIRMINGHAM, B46 1JY	1.00
CA0A	Amada UK Limited	Spennells Valley Road, Kidderminster, Worcester, DY10 1XS	1.00
CA0B	ADT Fire and Security PLC		1.00
CA0C	Apparelmaster UK Ltd		1.00
CA0D	AXA INSURANCE		1.00
CB00	BRISTOL CITY COUNCIL 2	348 Southmead Road, Southmead, Bristol, BS10 5LR	13,574.00
CB01	Boc Limited	The Council House, College Green, Bristol, BS99 7BL	9,927.73
CB02	Bie Magnum	Customer Service Center, PO Box 12, Manchester, M28 2UT	2,224.86
CB03	BISHOP LIFTING	Unit 2 Oak Lane, Fishponds Trading Est, Bristol, BS5 7UY	1,870.12
CB04	Bryony Metal Treatments Ltd	UNIT 1, RHYMNEY RIVER BRIDGE, CARDIFF, CF239AF	765.00
CB05	BREDON WEST LTD	Units 4 & 5 Douglas Road Ind Park, Douglas Road, Kinswood, Bristol, BS15 8PD	150.00
CB06	Batemans Gas Services	5 CAMELIA WALK, TEWKESBURY, GLOS, GL20 5FX	138.00
CB07	BARRETT STEEL TUBES LTD	Gloucester Road, WoodHouse Down, Almondsbury, Bristol, BS32 4HY	1.00
		AUTOBASE INDUSTRIAL EST., TIPTON ROAD, TIVIDALE, WEST MIDLANDS, B69 3HU	
CB08	Blackburns Metals Limited	Third Way, Avonmouth, Bristol, BS11 9YE	1.00
CB09	BRISTOL WATER	BRISTOL WESEX BILLING SERVICE LTD, 1 CLEVEDON WALK, NAILSEA, BRISTOL, BS48 1WA	1.00
CB0A	BIFFA	NONE	1.00
CB0C	Brandon Hire Plc	72-75 Feeder Road, St Phillips, Bristol, BS2 OTQ	1.00
CC00	CARDIFF COUNCIL	PO BOX 9000, CARDIFF, CF10 3WD	42,878.00
CC01	Cyrus RW Electrical Division	Alfred Cook House, Canal Parade, Cardiff, South Wales, CF10 5RD	5,850.80
CC02	Cadcut Limited	Units 3 & 8 Ridgeway Ind, Chapel Lane, Bristol, BS5 7EY	3,168.00
CC03	Choice Cleaning	18 Jesmond Road, Clevedon, BS21 7RZ	1,701.96

City Engineering Systems (Bristol) Limited
B - Company Creditors

Key	Name	Address	£
CC04	COATING TECHNOLOGIES LTD	UNIT 94, NORTHWICK BUSINESS CENTRE, BLOCKLEY, MORETON-IN-MARSH, GL56 9RF	1,108.34
CC05	Cyrus-RW Group Ltd	Taylor Division, Briton Ferry, Neath, South Wales, SA11 2JA	903.65
CC06	Code a Weld Holding Ltd	Second Avenue, Westfield Trading Estate, Radstock, BA3 4BE	778.80
CC07	CARBMAX LTD	2 BARN GREEN CLOSE, DENMEAD, WETERLOOVILLE, PO7 6EJ	636.18
CC08	Cromwell Group (Holdings) Ltd	65 Chartwell Drive, Wigston, Leicester, LE18 2FS	330.14
CC09	CALOR GAS LTD	ATHENA DRIVE, TACHBROOK PARK, WARWICK, CV34 6RL	176.40
CC0A	COH BAINES	Unit 3 Buckingham House, Longfield Road, Tunbridge Wells, Kent, TN2 3EY	33.05
CC0B	Vodafone	Vodafone House, The Connection, Newbury, Berkshire, RG14 2FN	1.00
CC0C	Cabletree Communications Ltd	Unit 2, Chancellors Road, Bristol, BS40 5TZ	1.00
CC0D	Clay Shaw Thomas	2 Oldfield Road, Bocam Park, Bridgend, CF35 5LJ	1.00
CD00	DAY'S RENTAL	SWANSEA ROAD, GARGNOCH, GORSEINON, SWANSEA, SA4 4LL	11,433.55
CD01	DHS Tool Supply Co Ltd	2 Telford Road, Ferndown Ind Estate, Wimborne, Dorset, BH21 7QL	4,424.64
CD02	DS Machining Services Limited	The Engineering Works, Bowling Road, Bristol, BS37 6EP	1,656.00
CD03	DYFED STEELS LTD	DAFEN, LLANELLI, CARMARTHENSHIRE, SA14 8NS	1,201.20
CD04	DAISY COMMUNICATIONS	NONE	1.00
CD05	DRAGON LASER LTD	HEOL FFALDAU, BRACKLA IND EST, BRIDGEND, CF31 2AJ	1.00
CE00	E-ON ELECTRICITY	Westwood Way, Westwood Business Park, Coventry, CV4 8LG	3,762.51
CE01	EUROGRIND	ALLOY IND EST, PONTARDAWE, SWANSEA, SA8 4EN	1,935.33
CE02	ENGINEERING UTILITIES	75 SWINNOW LANE, BRAMLEY, LEEDS, LS13 4TY	271.35
CE03	EURO QUALITY COATINGS LTD	WENTLOOG CORPORATE PARK, WENTLOOG ROAD, CARDIFF, CF3 2ER	180.00
CE04	Essentra Components	Langford Locks, Kidlington, Oxon, OX5 1HX	62.71
CE05	E-DOCS UK	24 PINDAR ROAD, HODDESDON, HERTFORDSHIRE, EN11 0DE	1.00
CF00	FGP Systems Limited	20-21 Cumberland Drive, Granby Industrial Estate, Weymouth, Dorset, DT4 9TB	12,753.19
CF01	FEDERAL EXPRESS	PO BOX 119, COVENTRY, CV1 4QD	1.00
CG00	Garth Engineering Services Ltd	Units 1,6 & 7 Ridgeway Industrial Est Centre, Chapel Lane, Fishponds Trading Estate, Bristol, BS5 7EY	26,421.91
CG01	GR8 Developments Ltd	t/a STS Precision Cleaning Services, 3 Bankhead Avenue, Bankhead Ind Estate, Glenrothes, Fife, KY7 6JG	6,475.20
CG02	GAZPROM ENERGY		1.00
CG03	GONCALO	5TH FLOOR BAUHAUS, 27 QUAY STREET, MANCHESTER, M3 3GY	1.00
CH00	HEXPOL COMPOUNDING	FIFTH AVENUE, TAMESIDE PARK, CHESHIRE, SK16 4PP	8,709.89

City Engineering Systems (Bristol) Limited
B - Company Creditors

Key	Name	Address	£
CH01	HR Harris & Partners (2010) Ltd	44 St Helens Road, Swansea, SA1 4BB	810.18
CI00	Investec Asset Finance Plc	READING INT BUSINESS PARK, READING, BERKSHIRE, RG2 6AA	42.00
CI01	INVADER BOATS LTD	9 BEAUFORT CLOSE, ALDERLEY EDGE, CHESHIRE, SK9 7HU	17.88
CJ00	JG QUALITY CONSULTING	51 AVONDALE CRESCENT, CARDIFF	3,200.00
CJ01	Johnsons Apparelmaster	348 Southmead Road, Westbury on Trym, Bristol, BS10 5LR	2,493.47
CJ02	JT TUBES	UNIT 1 VENTURA PLACE, UPTON IND. EST., POOLE, BH16 5SW	840.00
CJ03	JOSEPH ASH GALVANIZING	The Alcora Building 2, Mucklow Hill, Halesowen, B62 8DG	191.36
CJ04	J A Harrison & Co (Manchester)	Britain Works, Greengate Industrial Estate, Greenside Way, Middleton Way, Manchester, M24 1SW	171.22
CJ05	JPS Machinery Ltd	Grangefield Road, Town Street, Stanningley, Leeds, LS28 6JS	1.00
CK00	KYLES TRANSPORT SERVICES LTD	UNIT 8, STAR TRADING EST, NEWPORT, NP18 1PQ	4,128.00
CK01	Kings Plastic Limited	Kelso House, Waterloo Street, Bristol, BS2 0PH	2,153.07
CL00	L W & T ENGINEERING	UNIT 3 APPLIED HOUSE, FIZHERBERT SPUR, PORTSMOUTH, PO6 1TT	3,672.00
CL01	LONGWEAR SURFACE TREATMENTS	PLEASANT ST, WEST BROM, WEST MIDS, B70 7DP	113.40
CM00	METROWELD WALES LTD	UNIT M106 FORGESIDE HOUSE, CARDIFF BAY BUSINESS CENTRE, CARDIFF, CF24 5EJ	5,218.68
CM01	MTD TESTING SRVICES		858.00
CM02	MARBILL DEVELOPMENTS		468.00
CM03	MONSTER	CHANCERY HOUSE, 53-64 CHANCERY LANE, LONDON, WC2A 1QS	299.96
CM04	MMP Electrovibe UK Limited	Unit 2, Brockhampton Road, Havant, Hants, PO9 1JU	297.34
CM05	MSC Industrial Supply Co	7 Pacific Avenue, Wednesbury, West Midlands, WS10 7WP	86.20
CM06	mollart	Mollart Engineering, Neath Vale Supplier Park, Resolven, Neath, SA11 4SR	20.00
CM07	MISUMI EUROPA		16.19
CM08	Macquerie Corporate and Asset Finance 1 Ltd	2 Biagrove Street, Reading, RG1 1AZ	8,721.00
CN00	NORTHERN PRECISION LTD	UNIT 3 DURHAM LANE, ARMTHORPE, DONCASTER, SOUTH YORKSHIRE, DN3 3FE	141.55
CO01	Office Watercoolers (SW) Ltd	UNIT 5 RIVERMEAD, DEAN ROAD, YATE, BRISTOL, BS37 5NH	274.56
CO02	O2	Arlington Business Centre, Leeds, LS11 0NE	1.00
CO03	ORSTED ELECTRICITY		1.00
CO04	1&1 Internet Limited	Pegasus Court, 25 Herschel Street, Slough, SL1 1PA	1.00
CO05	Opus Energy	Lambourne House, 311-321 Banbury Road, Oxford, OX2 7JH	1.00
CP00	PERRYFIELDS LTD	EASTON LANE, PORTLAND, DORSET, DT5 1BW	8,310.00
CP01	Philpott & Cowlin Limited	Unit 12, Liberty Industrial Park, Bristol, BS3 2SU	1,090.56

City Engineering Systems (Bristol) Limited
B - Company Creditors

Key	Name	Address	£
CP02	PALLETWAYS UK LTD		1,033.20
CP03	PCL Powder Coating Ltd	Unit 101, Bridgwater Business Park, Bridgwater, Somerset, TA6 4TN	947.40
CP04	PAGET ENGINEERING	UNIT 8 CURRAN IND ESTATE, CARDIFF, CF10 5DF	774.95
CP05	PRIORITY EXPRESS	UNIT 5, ST PHILIPS CENTRAL, ALBERT RD, BRISTOL, BS2 0XJ	604.59
CP06	PARSON PEEBLES	ST GEORGES INDUSTRIAL EST., ST ANDREWS ROAD, BRISTOL, BS11 9HS	277.66
CP07	PROMPT TRANSPORT LTD	SOUTHWAY DRIVE, NORTH COMMON, WARMLEY, BRISTOL, BS30 5LW	272.96
CP08	Parker Steel	Vauxhall Road, Canterbury, Kent, CT1 1HD	220.34
CP09	PROTECTAHOME LTD	Kings House, 14 Orchard Street, Bristol, BS1 5EH	186.00
CP0A	Priory Engineering Co	(Christchurch) Ltd, 60 Purewell, Christchurch, Dorset, BH23 1ES	118.49
CP0B	Protex Fasteners Limited	Arrow Road, Redditch, Worcestershire, B98 8PA	1.00
CP0C	Positive Cashflow Finance Ltd	Castlefield House, 48 Liverpool Road, Manchester, M3 4SB	378.00
CR00	Richard Austin Alloys (South East) Ltd	c/o Begbies Traynor (SY) LLP, Kendal Hoise, 41 Scotland Street, Sheffield, S3 7BS	33,581.10
CR01	Ramp Surface Coatings	1 & 3 Garrett Road, Lynx Trading Estate, Yeovil, Somerset, BA20 2TJ	4,581.69
CR02	Rendac Packaging Solutions	Markside Trading Estate, Albert Road, Bristol, BS2 0XS	1,055.81
CR03	Redthorn Services Ltd	28 MOMENTUM PLACE, BAMBER BRIDGE, PRESTON, LANCs, PR5 6EF	736.51
CR04	COMPLETE BUSINESS SOLUTIONS	55 Days Road, Bristol, BS2 0QS	514.43
CR05	RS Components Limited	PO Box 888, Corby, Northants, NN17 1UB	274.38
CR06	RHC LIFTING	LAWRENCE DR, BRISTOL, BS37 5PG	273.48
CR07	RW BEARINGS LTD	UNIT 1 HOLLY HILL PARK, CINDERFORD, GL14 2YB	172.70
CR08	REDDITCH ANODISING	UNIT 37, WASHFORD IND ESTATE, HEMING ROAD, B98 0DP	149.76
CR09	ROCHESTER MIDLAND CORPORATION	UNIT 24, NINE MILE POINT IND EST, CWMFELINFACH, CROSSKEYS, NP11 7HZ	70.20
CR0A	ROGERS INDUSTRIAL EQUIPMENT	97 CASTLE ORAD, MUMBLES, SWANSEA, SA3 5TA	57.70
CR0B	RHM Telecommunications Limited	8 Wheatstone Court, Waterwells Business Park, Gloucester, GL2 2AQ	1.00
CR0C	RICOH UK	800 PAVILION DRIVE, NORTHAMPTON, NN4 7YL	1.00
CR0D	Righton Limited	Bristol Service Centre, Units 7-10 Waverly Road, Bristol, BS37 5FF	1.00
CR0E	R&J Davies	NONE	1.00
CR0F	RENTOKIL	NONE	1.00
CR0G	ROBERT HALF LTD	WASHINGTON HOUSE, INTERNATIONAL SQUARE, OFF STARLEY WAY, BIRMINGHAM, B37 7GN	0.01
CR0H	Roman Glass		84.00
CR0I	Rema Tip Top Industry UK Ltd	65 Lower Bristol Road, Bath, BA2 3BE	119.98
CS00	SCELLON LTD	Plumtree Industrial Estate, Harworth, Doncaster, South Yorkshire, DN11 8EW 21 HIGH STREET STONE HOUSE, GLOUCESTERSHIRE, GL10 2NJ	11,820.00

City Engineering Systems (Bristol) Limited
B - Company Creditors

Key	Name	Address	£
CS01	SHG Systems	7-9 Spring Street Place, Bedminster, Bristol, North Somerset, BS3 4AF	8,220.08
CS02	SOUTH WEST STEEL SUPPLIES LTD	c/o Euler Hermes UK, 1 Canada Square, London, E14 5DX	2,294.46
CS03	Solution MHE Limited	118B Burcott Road, Avonmouth, Bristol, BS11 8AB	1,742.04
CS04	SERVICED OFFICE PROVISIONING LTD	7-9 SPRING STREET, BEDMINSTER, BRISTOL, BS3 4AF	864.00
CS05	Smiths Metal Centres Limited	Stratton Business Park, London Road, Biggleswade, Beds, SG18 8QB	503.04
CS06	Speedy Asset Services Ltd	Chase House, 16 The Parks, Newton-le-Willows, Merseyside, WA12 0JQ	465.36
CS07	STEEL DYNAMICS LTD	Unit 10/11, Walker Industrial Park, Walker Road, Blackburn, BB1 2QE	303.60
CS08	Solar Communications	Rowan House, Sheldon Business Park, Chippenham, SN14 OSQ	95.20
CS09	Swagelok Bristol	7 Orpen Park, Ashridge Road, Bristol, BS32 4QD	21.60
CS0A	SPTS Technologies Limited	Ringland Way, Newport, Gwent, NP18 2TA	9.72
CS0B	Sage UK Limited	North Park, Newcastle Upon Tyne, NE13 9AA	1.00
CS0C	SCOTT JAMES		1.00
CS0D	Safety Lifting Gear	UNIT 23, ATLANTIC ROAD, AVONBRIDGE TRADING ESTATE, AVONMOUTH, BS11 9QD	1.00
CT00	TEMA PROTECTIVE COATINGS LTD	Coleridge road,, Leckwith Industrial Estate, Cardiff, CF11 8BT	8,547.81
CT01	TIME 4 RECRUITMENT	167 BROADWAY, CARDIFF, CF241QH	5,085.57
CT02	TUNGSTEN NETWORK	POUNTNEY HILL HOUSE, LONDON, EC4R 0BL	1,080.19
CT03	TAYBROH ALLOYS	UNIT 2, EASTINGTON TRADING ESTATE, STONEHOUSE, GLOUCESTERSHIRE, GL10 3RZ	509.40
CT04	T J MORGAN	UNIT 46, VALE BUSINESS PARK, LLANDOW, CF71 7PF	224.26
CT05	TalkTalk	TalkTalk Business, P.O. box 136, Birchwood, Warrington, WA3 7WU	1.00
CT06	TRAFFORD RUBBER PRODUCTS	BROADOAK IND EST, ASHBURTON ROAD WEST, TRAFFORD PARK, MANCHESTER, M17 1RW	1.00
CT07	Trumpf Limited	President Way, Airport Executive Park, Luton, Bedfordshire, LU2 9NL	1.00
CU00	UK PRECISION	Precision House, Unit 1B, Plot 5 Millfield Industrial Estate, Chard, Somerset, TA20 2BB	1,081.08
CU01	Univar Limited	Leslie Court, Western Ind Estate, Lon-Y-Llyn, Caerphilly, CF83 1BQ	1.00
CV00	Virgin Media	Business Customer Services, Virgin Media Business, Communications House, 1 Chippingham Street, Attercliffe, Sheffield, S9 3SE	1.00
CW00	WATKIN DAVIES	15 & 19 PENLLINE ROAD, WITCHURCH, CARDIFF, CF14 2AA	1,949.03
CW01	Wixroyd International LTD	Alexia House, Littlemead Ind Est, Cranleigh, Surrey, GU6 8NE	285.13
CW02	WDS Limited	Richardshaw Road, Grangefield Ind Estate, Pudsey, Leeds, LS28 6LE	84.62
CW03	water2business	1 Clevedon Walk, Nailsea, Bristol, BS48 1WA	1.00

City Engineering Systems (Bristol) Limited
B - Company Creditors

Key	Name	Address	£
CW04	Wedge Group Galvanizing Limited	Stafford Street, Willenhall, West Midlands, WV13 1RZ	1.00
CW05	Welding Inspection Services Ltd	15 Tarragon Place, Bradley Stoke, Bristol, BS32 8TP	1.00
CW06	WELSH WATER	Fortran Road, St Mellons, Cardiff, CF3 0LT	1.00
CY00	YMT LTD	TUSCAN HOUSE, YEOVIL, BA22 8QR	18,881.27
152 Entries Totalling			346,589.31

City Engineering Systems (Bristol) Limited

Joint Administrators' Receipts and Payments Account to 13 July 2018

City Engineering Systems (Bristol) Limited
(In Administration)
Joint Administrators' Summary of Receipts & Payments
To 13/07/2018

S of A £	£	£
SECURED ASSETS		
Goodwill	1,000.00	
Book Debts	363.96	
		1,363.96
ASSET REALISATIONS		
Plant & Machinery	150,000.00	
Stock	1,000.00	
Work in Progress	23,000.00	
Petty Cash Balance	131.24	
Cash at Bank	5,762.68	
Bank Interest Gross	4.43	
		179,898.35
COST OF REALISATIONS		
Specific Bond	2,194.00	
Legal fees (2)	2.00	
Payroll Services	700.00	
Stationery & Postage	132.79	
Statutory Advertising	78.45	
IT Costs	82.73	
Other Property Expenses	1,293.60	
Wages & Salaries	4,028.20	
		(8,511.77)
		172,750.54
REPRESENTED BY		
Vat Receivable		457.52
Interest Bearing Current Account		172,423.57
Accrued Office Holder's Expenses		(130.55)
		172,750.54

City Engineering Systems (Bristol) Limited (In Administration)

BREAKDOWN OF THE JOINT ADMINISTRATORS' TIME COSTS FROM 8 JUNE 2018 TO 10 JULY 2018

Time Entry - Detailed SIP9 Time & Cost Summary

JGC0166 - City Engineering Systems (Bristol) Limited

To: 10/07/2018

All Post Appointment Project Codes

Including Sub-Analysis Codes

Classification of Work Function	Partner	Manager	Other Senior Professionals	Assistants & Support Staff	Total Hours	Time Cost (£)	Average Hourly Rate (£)
ADMIN : Administration							
N/A : N/A	4.50	0.00	0.00	8.40	12.90	2,493.00	193.26
CASH : Cashiering							
N/A : N/A	0.20	0.00	0.00	1.00	1.20	186.00	155.00
COMM : Communication							
N/A : N/A	0.40	0.00	0.00	0.00	0.40	132.00	330.00
MEETING : Meeting with director/debtor							
N/A : N/A	7.76	0.00	0.00	0.00	7.76	2,560.80	330.00
Admin & Planning	12.86	0.00	0.00	9.40	22.26	5,371.80	241.32
501 : Unsecured Creditors							
N/A : N/A	1.40	0.00	0.00	0.00	1.40	462.00	330.00
502 : Employee Matters							
N/A : N/A	3.60	0.00	0.00	10.00	13.60	2,388.00	175.59
504 : Statutory Reporting to Creditors							
N/A : N/A	7.00	0.00	0.00	0.00	7.00	2,310.00	330.00
CRED : Creditors Claims							
N/A : N/A	1.70	0.00	0.00	3.10	4.80	933.00	194.38
Creditors	13.70	0.00	0.00	13.10	26.80	6,093.00	227.35
201 : CDDA Reports							
N/A : N/A	0.40	0.00	0.00	0.00	0.40	132.00	330.00
Investigations	0.40	0.00	0.00	0.00	0.40	132.00	330.00
301 : ROT							
N/A : N/A	1.50	0.00	0.00	0.00	1.50	495.00	330.00
302 : Property							
N/A : N/A	3.20	0.00	0.00	0.00	3.20	1,056.00	330.00
303 : Book Debts							
N/A : N/A	1.20	0.00	0.00	0.00	1.20	396.00	330.00
304 : Plant & Machinery / Motor Vehicles							
N/A : N/A	1.30	0.00	0.00	0.00	1.30	429.00	330.00
305 : Stock							
N/A : N/A	3.30	0.00	0.00	0.00	3.30	1,089.00	330.00
306 : Other Assets							
N/A : N/A	0.30	0.00	0.00	0.00	0.30	99.00	330.00
Realisation of Assets	10.80	0.00	0.00	0.00	10.80	3,564.00	330.00
Total Hours	37.76	0.00	0.00	22.50	60.26	15,160.80	251.59
Total Fees Claimed						0.00	

City Engineering Systems (Bristol) Limited (In Administration)

INFORMATION TO SUPPORT THE JOINT ADMINISTRATORS' FEE PROPOSAL

a) Full description of work to be undertaken

General Description	Includes
Administration (including statutory reporting)	
Statutory/advertising	Filing of documents to meet statutory requirements Advertising in accordance with statutory requirements
Document maintenance/file review/checklist	Filing of documents Periodic file reviews Periodic reviews of the application of ethical, anti-money laundering and anti-bribery safeguards Maintenance of statutory and case progression task lists/diaries
Bank account administration	Opening and closing accounts Obtaining bank statements Bank account reconciliations Online transfer arrangements Maintenance of the estate cash book Banking remittances and issuing cheques/BACS payments
Planning / review	Discussions regarding strategies to be pursued Meetings with team members and independent advisers to consider practical, technical and legal aspects of the case
Books and records / storage	Dealing with records in storage Sending case files to storage
Creditor reports	Disclosure following pre-pack sale of assets SIP 16 <i>Preparing proposal, six monthly progress reports, fee authority report</i> to secured and preferential creditors (where appropriate), conversion to CVL (where appropriate) and final report Seeking extension via creditors (where appropriate) Proposing further fee approval (where the fees estimate is not for the administration of the case to conclusion)
Creditors' decisions	Preparation of decision notices, proxies/voting forms Collate and examine proofs and proxies/votes to establish decisions Consider objections received and requests for physical meeting or other decision procedure Responding to queries and questions following decisions Issuing notice of result of decision process
Investigations	
SIP 2 Review	Collection, and making an inventory, of company books and records Correspondence to request information on the company's dealings, making further enquiries of third parties Reviewing questionnaires submitted by creditors and directors Reconstruction of financial affairs of the company Reviewing company's books and records Preparation of deficiency statement

APPENDIX III

General Description	Includes
	<ul style="list-style-type: none"> Review of specific transactions and liaising with directors regarding certain transactions Liaising with the committee/creditors or major creditors about further action to be taken
Statutory reporting on conduct of director(s)	<ul style="list-style-type: none"> Preparing statutory investigation reports Liaising with the Insolvency Service Submission of report to the Insolvency Service Preparation and submission of supplementary report (if required) Assisting the Insolvency Service with its investigations
Litigation / Recoveries	<ul style="list-style-type: none"> Strategy meeting regarding litigation Seeking funding from creditors Reviewing terms of solicitors' conditional fee agreements Preparing brief to solicitors/Counsel Liaising with solicitors regarding recovery actions Dealing with ATE insurers Attending to negotiations Attending to settlement matters
Realisation of Assets	
Sale of Business as a Going Concern	<ul style="list-style-type: none"> Exchanges with solicitors to agree sale and purchase agreement
Plant and machinery; office furniture and equipment	<ul style="list-style-type: none"> Liaising with valuers, auctioneers and interested parties Reviewing asset listings Liaising with secured creditors and landlords
Leasehold Property	<ul style="list-style-type: none"> Agreeing assignment or surrender (if required)
Debtors and retentions	<ul style="list-style-type: none"> Collecting supporting documentation Correspondence with debtors Reviewing and assessing debtors' ledgers Receiving updates from factoring companies and liaising reassignment of ledger Liaising with debt collectors and solicitors Agreeing debt collection agency agreements Dealing with disputes, including communicating with directors/former staff Pursuing credit insurance claims Submitting VAT bad debt relief claims
Leasing	<ul style="list-style-type: none"> Reviewing leasing documents Liaising with agents and owners/lessors
Stock and work in progress ("WIP")	<ul style="list-style-type: none"> Liaising with potential purchasers Analysing the value in WIP
Other assets: Insurance claims	<ul style="list-style-type: none"> Liaising with insurance companies and directors to pursue claims

General Description	Includes
Retention of Title Claims ("ROT")	Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication
Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
Creditors (claims and distribution)	
Creditor communication	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Assisting employees to pursue claims via the RPO Corresponding with the PPF and the Pensions Regulator
Dealing with proofs of debt ('POD')	Receipting and filing POD when not related to a dividend Corresponding with RPO regarding POD when not related to a dividend
Processing proofs of debt	Preparation of correspondence to potential creditors inviting submission of POD Receipt of POD Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication Seeking solicitors' advice on the validity of secured creditors' claims and other complex claims
Distribution procedures	Agreeing allocation of realisations and costs between fixed and floating charges Paying distribution to secured creditors and seeking confirmation of discharged claims Preparation of correspondence to creditors advising of intention to declare distribution Advertisement of notice of intended distribution Preparation of distribution calculation Preparation of correspondence to creditors announcing declaration of distribution Preparation of cheques/BACS to pay distribution Preparation of correspondence to creditors enclosing payment of distribution Seeking unique tax reference from HMRC, submitting information on PAYE/NI deductions from employee distributions and paying over to HMRC Dealing with unclaimed dividends

General Description	Includes
Creditors' Committee (where appointed)	Holding an initial meeting of the Committee Reporting to committee members Seeking the committee's approval on case strategy Calling and holding meetings of the committee as required and the circumstances of the case dictate

**Current Charge-out Rates for the firm – Jones Giles & Clay
1 May 2018 to 30 April 2019**

Time charging policy

Support staff do charge their time to each case.
Support staff include cashier, secretarial and administration support.
The minimum unit of time recorded is 6 minutes.

Staff	Charge out rates £
Insolvency Practitioner/Partners/Directors	330
Senior Manager	240
Manager	180
Supervisor	150
Administrator	120
Secretarial/Administration support staff	80

b) The Joint Administrators' Expenses Estimate

Please note that this estimate reflects the expenses anticipated to be incurred for the full period of the Administration and thus it includes expenses already incurred, details of which are provided elsewhere in this document.

Direct Expenses (including Category 1 disbursements)	Basis	Estimate of total
Legal costs – Morgan Rostron Solicitors will be instructed to provide advice in respect of validity of security and also to assist with the formalities associated with a name change for the company	Time-costs	£2,002
Agents and Valuers – Gordon Brothers has been instructed to provide a valuation and to assist with a sale of the company's remaining assets at the Cardiff facility	Time-costs and % of auction sales	£20,000
Debt Collection Agency – Credebt may be retained to continue with the collection of the book debts once the ledger is reassigned.	5%	£17,502

APPENDIX III

Payroll services – HR Harris and Partners will be retained to provide payroll services in terms of producing P45's and providing payroll and pension details for former employees	Time costs	£700
Advertising		£468
Bonding		£1,097
Other to include cost of case management software and website document access		£500
Insurance		£3,000
Property costs – costs associated with occupying Cardiff premises for the purposes of asset disposal and site clearance		£10,000
Sub-contractors – former employees assistance with WIP evaluation and also uplifting of third party goods		£4,028

Category 2 disbursements	Basis	Estimate of total
Mileage (own car usage)	45p per mile	£450
Total of all expenses		£59,747

Please note that this estimate has been provided on the assumptions given in Section 6. In the event that it proves necessary for the Joint Administrators to incur additional expenses in performing their duties, they will provide further details in their progress reports, but there is no statutory obligation to ask creditors to approve any adjusted estimate.

APPENDIX IV

City Engineering Systems (Bristol) Limited (In Administration)

NOTICE OF INVITATION TO FORM A CREDITORS' COMMITTEE

NOTICE OF INVITATION TO FORM A CREDITORS' COMMITTEE

Company Name: City Engineering Systems (Bristol) Limited (In Administration) ("the Company")

Company Number: 09712741

In the County Court at Cardiff no. 62 of 2018

This Notice is given under Rule 3.39 of the Insolvency (England & Wales) Rules 2016 ("the Rules"). It is delivered by the Joint Administrator of the Company, Susan Clay, of Jones Giles & Clay Ltd, The Maltings, East Tyndall Street, Cardiff, CF24 5EZ (telephone number 029 2035 1491, who was appointed by the directors of the Company.

Creditors are invited to nominate creditors (which may include themselves) by completing the section below and returning this Notice to the Joint Administrator by one of the following methods:

By post to: Jones Giles & Clay Ltd, The Maltings, East Tyndall Street, Cardiff, CF24 5EZ

By fax to: 029 2046 4352

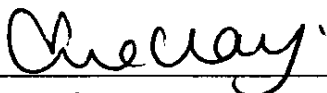
By email to: sueclay@jonesgilesclay.co.uk

Please note that, if you are sending nominations by post, you must ensure that you have allowed sufficient time for the Notice to be delivered to the address above by the time set out below. Unless the contrary is shown, an email is treated as delivered at 9am on the next business day after it was sent.

All nominations must be delivered by: 23.59 on 6 August 2018

Nominations can only be accepted if the Joint Administrator is satisfied as to the nominated creditor's eligibility under Rule 17.4 of the Rules.

For further information on the role of Creditors' Committees, go to:
<https://www.r3.org.uk/liquidation-creditors-committees-and-commissioners-a-guide-for-creditors>

Signed:  Dated: 16 July 2018
Susan Clay
Joint Administrator

NOMINATIONS FOR MEMBERS OF A CREDITORS' COMMITTEE

City Engineering Systems (Bristol) Limited (In Administration)

On behalf of (name of Creditor): _____,

at (address of Creditor): _____,

I nominate the following creditor(s) to be member(s) of a Creditors' Committee (provide name(s) and address(es)):

1. _____

2. _____

3. _____

Signed: _____

Dated: _____

Name in capitals: _____

Position with, or relationship to, Creditor or other authority for signature: _____

Are you the sole member/shareholder of the Creditor (where it is a company)?

Yes / No